

BILL OWENS
Governor

VICKIE L. ARMSTRONG
Executive Director

JEFFREY M. WELLS
Deputy Executive Director

THOMAS E. IVORY
Director



DEPARTMENT OF LABOR AND EMPLOYMENT
OFFICE OF EMPLOYMENT AND TRAINING PROGRAMS

Two Park Central, Suite 400
1515 Arapahoe Street
Denver, Colorado 80202-2117

January 11, 2002

Joseph C. Juarez
Regional Administrator
Employment and Training Administration
5252 Griffin Street, Room 317
Dallas, TX 752202

Dear Mr. Juarez:

Enclosed is the State of Colorado's request for waivers under the Workforce Investment Act, Youth Program for PY2002. We have addressed sections 20 CFR 661.420 (c) and 189(i)(4) of the Workforce Investment Act. The Training and Employment Guidance Letter referencing the development and submission of a request for the waiver of WIA was also followed.

Please extend our thanks to your staff for their assistance in preparing this request.

If you have further questions please contact Karyn Baylon at 303.318.8809.

Sincerely,


Thomas E. Ivory, Director

Employment and Training Programs

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Employment and Training Programs

STATE OF COLORADO'S REQUEST FOR WAIVER WIA YOUTH PROGRAM

Colorado is requesting a two-part waiver:

An exemption from the competition requirement for the follow-up, work experience, and support services elements and proposing to include these elements in the design framework of youth services; and,

That local workforce centers be given the opportunity to apply for and be considered for inclusion on the youth service provider list created according to local procurement procedures.

Background

Colorado has 64 counties that are divided into nine workforce regions. Within the nine regions are 18 One-Stop centers providing employment and training services (see attached map) throughout Colorado. One of the nine regions is designated for rural Colorado and provides services through nine of the one-stop centers. Of the remaining eight regions, four constitute the Denver metropolitan area. As can be noted on the regional map, the challenge in providing quality employment and training services to customers throughout the state is how to implement the regulations under WIA in a way that allows for the significant variance in customer needs (urban/suburban vs. rural), local resources, and financial limitations. One-stop regions in Colorado have come together to identify an area currently curtailing that quality of service, and are requesting a waiver of two aspects of competitive procurement of youth services.

Understanding the background of workforce development in Colorado will help frame the waiver request and intended outcomes. Colorado is unique in that local governments have always played a strong role in the structure and delivery of employment and training and welfare programs. As an example, county governments deliver Health and Human Services programs at the local level and 20% of welfare costs are funded with county dollars. The Comprehensive Employment and Training Act (CETA) of 1973, the local government in Colorado, provided "decentralized" employment and training services to targeted individuals. The Act allowed local governments to design programs and services, which best-met local needs of customers.

In 1978, the State of Colorado created the "Colorado State-Local Partnership in Human Services" which brought together local service providers under CETA, Job Service of the Colorado Department of Labor and Employment, and the Work Incentive Program (WIN) under the Colorado Department of Labor and Employment and the federal Department of Health and Human Services. This partnership initiative promoted intergovernmental cooperation among federal, state, and local governments and was designed as a reform initiative to increase the local elected officials and local employment and training service provider's involvement in the planning and delivery of services.

Since the early days of employment and training programs, through the One-Stop Career Center initiative, and now the Workforce Investment Act, Colorado has built a system of employment and training programs designed, delivered, and governed at the local level. The driving philosophy is and has always been that local government and local providers know what is needed and what works best for their citizens and customers. To this end, under the One-Stop Career Center initiative, local areas developed provider lists to use as a basis for purchasing needed services for customers, and in some cases, developed in-house services to meet the needs of customers because services were limited or not available in the local area.

Transitioning from JTPA to WIA, Colorado One-Stop centers released requests for proposals (RFP) to secure youth services. Most regions in Colorado experienced a low response rate to the RFP. In some

cases, there were no responses at all; resulting in either small service provider lists (sometimes actually reducing the number of offerings from those under JTPA), and some elements were not bid upon at all, therefore defaulting to the one-stop centers to provide those services.

In the transition to WIA, one major area that has been problematic for regions has been the contracting of youth elements as required by the Act. Although the intent of WIA is to foster innovation and expand customer choice, the requirement to contract out youth services has actually diminished the choices of youth and created an unnecessary burden on the youth customers and the local delivery systems.

(1) *Statutory or Regulatory Requirements*

Section 123 of the Workforce Investment Act of 1998, Identification of Eligible Providers of Youth Activities.

From funds allocated under paragraph (2)(A) or (3) of section 128(b) to a local area, the local board for such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based upon the recommendations of the youth council and on the criteria contained in the State plan, to the providers to carry out the activities, and shall conduct oversight with respect to the providers, in the local area.

§ 661.410 - Waiver of statutory and regulatory requirements.

§ 664.405 - Include Supportive Services, Paid and Unpaid Work Experience, and Follow-up Services as part of the design framework component.

§ 664.700 – What is the connection between the youth program and the One-Stop service delivery system?

Colorado is requesting an exemption to the competition requirement of support services, unpaid work experience and follow-up services and to have those services categorized as part of the design framework. In addition, Colorado is requesting an exemption to the exclusion of one-stop centers as eligible service providers to ensure the coordination and provision of youth activities.

(2) *Describe the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers.*

Colorado has implemented WIA under federal law with accompanying state legislation that did not include any additional limitations or requirements. Local workforce regions have generally adopted state policies with regards to youth procurement without additional restrictions or limitations. Since no additional state or local limitations have been imposed, there were no barriers to remove.

(3) *Goals of waiver and expected programmatic outcomes.*

Colorado is requesting a two-part waiver:

Part A. Colorado is requesting an exemption from the competition

requirement for the follow-up, work experience, and support services elements and proposing to include these elements in the design framework of youth services; and,

Part B. Colorado is requesting that local workforce centers be given the opportunity to apply for and be considered for inclusion on the youth service provider list created according to local procurement procedures.

Goals for Waiver Part A.

The goals for the youth program under the waiver will be greater effectiveness, efficiency, and continuity of services.

By including the follow-up and support service elements in the design framework, local workforce centers would be able to provide greater continuity of services for youth, resulting in higher retention rates. The case management relationship with participants is based upon a thorough knowledge of the youth, their employment plan, expected outcomes, and barriers. The WIA youth program operates on the premise of long-term participation during which time a strong relationship is likely to be formed. When the youth terminates from the program and enters into the follow-up period, the requirement that follow-up services be provided by a different organization secured through a competitive process is likely to render services less effective. The established relationship with staff will not exist with a new organization contracted to do follow-up. A youth is less likely to take advantage of available services that lead to more stability and longer retention. By allowing the local workforce case manager to continue contact with the participant during the follow-up period, there will be greater effectiveness in quickly identifying the needs of the youth and offering assistance. A new third party conducting the follow-up would have to gather additional information, establish a relationship of trust and communication, and, therefore, be more time intensive and costly than building upon an established relationship between the youth and the case manager.

Likewise, by allowing local workforce center case managers to provide support services, the continuity of service stays in tact. When a youth has to be referred to a third party to secure his/her support service, not only is that an additional party to whom the youth must expose confidential information, but it is a less efficient way to expedite the issuance of a voucher, purchase order, bus pass or other method for disbursing assistance. Due to the relatively small youth allocations for Colorado regions, support services are generally small and used to provide help for transportation, clothing, eyeglasses, tools, physicals, and other small purchases.

Colorado would like to continue with a delivery system that allows case

managers at local workforce centers to identify and issue payment authorizations for support services. Those specific services may be a sole source purchase, such as in the case of bus passes, or based upon vendors who are willing to do business through purchase orders. Where there is a choice of vendors, multiple bids are gathered. Again, there are relatively small budgets for support services and the issuance and use is limited. This youth practice would be consistent with the way adult services are provided through the one-stop centers. By creating a separate service provider for these youth elements, it would create a fragmented delivery system.

To address the request for work experience to be offered by the local workforce center rather than securing the element through the competitive process, the goal is also to ensure an efficient, cost-effective delivery system. Most workforce centers throughout Colorado have selected to provide summer employment opportunities internally rather than contracting out the service. This element is very labor intensive with the development of work sites, building relationships with work site supervisors, training staff to monitor sites, and setting up agreements, and processes for payment of youth. With this system capacity developed, it is less cost effective to then contract for a third party agency to go back into the community and develop sites, establish relationships, set up workers' compensation for non-paid employees, and set up agreements. If one-stop centers operating summer youth activities are allowed, to deliver year-round work experience it will result in a more timely delivery of services and stronger ties with work experience host agencies. It is a duplication of effort to offer the same, or very similar, services by two or more organizations in the same community.

The goal for allowing local workforce center case managers to provide follow-up and support services are to improve the continuity of services and provide a more efficient delivery system. The goal of locally offering work experience is greater effectiveness, to provide a more efficient delivery system and ensure continuity of services.

Programmatic Outcomes for Waiver Part A goals.

Greater effectiveness, efficiency, and continuity of services will result in high retention rates.

It must be noted that since Colorado local workforce centers have not had high response rates to their procurement attempts for youth services, local centers have been providing youth services directly. By providing those services directly, PY 2000 goals were achieved.

The younger youth retention negotiated level is 44% and the negotiated

level of retention rate for older youth is 71%.

The PY2000 goals have been achieved through a process of existing systems that respond to youth needs.

It is the position of Colorado local workforce centers that allowing work experience, follow-up and support services to be provided as a part of the design framework by the local centers, the outcomes will continue to exceed those negotiated between the state and USDOL. Retention rates for older youth will be 73% and for younger youth 46%.

Goals for Waiver Part B.

The goal of the waiver request to allow local workforce centers to be included on the youth provider list is to increase customer choice and maximize the resources of the integrated one-stop system.

In Colorado, many of the local workforce centers have built highly effective learning centers offering alternative education, tutoring, dropout prevention, and secondary school instruction. These resources were developed under the direction of the One-Stop Workforce Center initiative and will go unused if local workforce centers are not allowed to be included on the youth service provider list.

It is not anticipated, nor requested, that local workforce centers be the exclusive provider of those services, merely that they be allowed as an option to students needing academic services.

Many school districts refer expelled students to the one-stop learning centers since state and local restrictions prohibit expelled students from being on school district campuses. In cases such as these, WIA students would not be able to be referred back to local districts for educational services.

Other such services have been developed locally and by inclusion on the youth service provider list, will provide the youth greater choice in developing an effective plan.

Currently some workforce regions have a workable list of youth service providers. Where such a list is extensive, youth and their case managers can choose what they need from those vendors. Where the list does not identify a vendor, a small purchase three bid-process will be used. This waiver is requesting that local workforce centers be allowed to submit for inclusion on the youth service provider list.

It is not expected that local workforce centers will offer even most of the elements, but rather than isolating those elements already in place, allowing centers to compete for all ten will result in the greatest flexibility for potential local variations.

Programmatic Outcomes for Waiver Part B goals.

The outcome of the goal to include local workforce centers on the youth provider list will be to increase the use of more of the ten elements by a greater number of youth by expanding the choice of providers.

The programmatic outcomes for this area will be focused on the credential/employment rate for older youth and the skill attainment rate for younger youth. The negotiated level for the credential/employment rate for older youth is 40% and the negotiated level of the skill attainment rate for younger youth is 60%. Under this waiver, the goals will be for older and younger youth, credential/employment rate of 42% for older youth, and a skill attainment rate for younger youth of 62%.

Granting both parts of this waiver will help Colorado reach high performance levels for younger and older youth.

(4) *Describes the individuals affected by the waiver*

The individuals affected by this waiver will be older and younger youth customers, local workforce centers, and community based organizations.

Youth customers will be greatly affected by who offers services. It is expected that this waiver will result in greater choice for youth.

Workforce centers will be affected in that they will be allowed to play a greater role in youth services directly and continue to make available established resources.

Community based organizations will may also feel the effects of this waiver. In some parts of the state the procurement process will continue as before, where most or all of the services are contracted out to CBOs. In other parts of the state CBOs will be able to build services that fill a void or improve quality and efficiency over existing providers. This competitive process can then work to improve the overall system, as intended by WIA.

When the RFP's were released by local workforce centers, very few organizations/agencies responded. A low number of responses resulted in limited options for youth. In some instances, only one agency responded to a single WIA element. Under the current procurement procedures youth must be referred to the agency that responded to the RFP and were selected, unless there is significant justification for sending the youth elsewhere. Because of the current process,

youth are often more restricted in their choice than the law intended.

Currently youth participating in the WIA programs cannot utilize the local Workforce Center as a service provider if any other provider is on the youth list. Many youth have stated that they would like to access local workforce center services. Youth indicated that they feel comfortable in the Workforce Center environment and like getting services from the staff. Many Workforce Centers have learning centers, resource services, workshops, and a variety of programs that address WIA elements. Under the current procurement, procedures Workforce Centers are not able to be a part of the competitive process and therefore cannot provide needed services.

For example: youth who are expelled from school in the state of Colorado cannot access any public school services for the duration of the expulsion. If the youth enrolled in WIA can access the learning centers at the local Workforce Center, they can continue their high school education until they are eligible to return to a public school district or they graduate.

Those affected by this waiver will have to meet the challenge of improved quality and efficiency to stay competitive in the youth service market.

(5) *Describe the process used to provide oversight:*

The Colorado Department of Labor and Employment is the State administrative entity for the Workforce Investment Act. As evidence of the States' willingness to meet the needs of local workforce centers by designing systems that work efficiently, Colorado is seeking a waiver to the requirement to competitively procure certain elements of the youth program and is also requesting that workforce centers be allowed to compete for inclusion on the service provider list.

The waivers enable Colorado the flexibility to design seamless delivery of services and to customize the education and training programs for youth. With an emphasis on furthering customer satisfaction through choice, individual opportunity, and continuity of services, each workforce center can ensure an efficient and quality delivery system.

The Colorado Department of Labor and Employment will monitor the implementation and impact of the waivers, through a combination of reporting from the local level, state oversight, and evaluation. Performance measures from the workforce regions will be evaluated quarterly, to determine the impact of the waiver approval. Utilizing the State Operation Network meetings, the State will gather information through discussion on the progress of the implementation of the waivers, performance data, and obstacles encountered, if any. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The State will review applicable policies and procedures and modify them accordingly.

Consistent with the general waiver request, the State is adhering to publication requirements to insure the broadest participation possible, including informing appropriate partners and interested parties, such as labor, community based organizations, local workforce boards and the State workforce youth council.

A public comment period was provided from December 31, 2001 through January 4, 2002. Two comments were received electronically. They are attached as required.

Rocky Mountain SER would like to submit the following comments regarding the State of Colorado's request for waiver of certain regulatory provisions of the WIA youth program.

The first part of the waiver requests that the follow-up, work experience, and support services elements be included in the design framework. The rationale is that this would provide greater continuity of services. This would indeed provide greater continuity of services, but only if the second part of the waiver is approved. The second part of the waiver would allow the workforce centers to compete in their own procurement process. This would effectively kill any competition and is an inherent conflict of interest. If follow-up, work experience, and support services are included in the procurement process, in addition to the other required elements, the continuity of the program elements would naturally be improved.

The waiver request refers to a low response to RFPs released by local workforce centers. This does not indicate a lack of interest in these programs. Rather, it is due to the following reasons:

1. The RFPs have been structured in such a way as to exclude most potential bidders. Factors, such as requiring that bidders must offer all youth program elements, make it impossible for smaller CBOs to compete. Also, artificial limitations on administrative costs prevent most CBOs from competing.
2. Release of the RFPs was not widely publicized. They may have followed the local procurement process but this is not sufficient to insure that all potential bidders are notified. This is especially true because it was the first time many of these programs have been bid out. In addition, WIA is still fairly new and many CBOs are not fully aware of its possibilities.
3. The efforts of the workforce centers to identify potential bidders have been minimal, at best. The workforce centers do not want to relinquish any of their programs. With the exception of the Rural Consortium, the trend has been for the workforce centers to retain all funding and not utilize CBOs to provide services. This has resulted in the workforce centers being much less involved in the community and a lack of outreach to the community's most needful residents.

The waiver request correctly states that it is the intent of WIA to foster innovation and expand customer choice. It incorrectly states that the requirement to contract out youth services has diminished the choices of youth. If the workforce centers would use an "inclusive" approach to procuring youth services, the choices of youth would be greatly expanded. How can limiting youth to services provided only by the workforce centers increase their choices? It does exactly the opposite.

Rocky Mountain SER would like to suggest that the workforce centers conduct the RFP process again for PY'02 and make an honest attempt to identify and inform potential bidders. It is also recommended that this waiver request be denied.